

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.408 Insurers; capital, surplus, or asset requirement; schedule; multiple lines; provisions for transacting certain insurance; applicability of section; compliance with MCL 500.403.**

Sec. 408. (1) To qualify for authority to transact insurance in this state a domestic, foreign, or alien insurer shall possess and thereafter maintain paid-in capital or surplus or assets in amounts that are not less than those shown by the applicable portion of the following schedule:

Kind of insurance	Domestic, foreign stock insurers CAPITAL	Domestic, foreign mutual life insurers SURPLUS	Domestic, foreign mutual insurers other than life ASSETS	Alien insurers United States ASSETS
Life	\$ 200,000.00	\$ 200,000.00	not applicable	\$ 200,000.00
Life and disability	300,000.00	300,000.00	not applicable	300,000.00
Disability, except as provided in subsection (2), (3), or (4)	200,000.00	not applicable	\$ 50,000.00	200,000.00
Property & marine	200,000.00	not applicable	50,000.00	200,000.00
Automobile	200,000.00	not applicable	50,000.00	200,000.00
Casualty	200,000.00	not applicable	50,000.00	200,000.00
Surety & fidelity	250,000.00	not applicable	250,000.00	250,000.00
Surety, fidelity, casualty	450,000.00	not applicable	250,000.00	450,000.00
Kind of insurance	Reciprocal insurers ASSETS			
Disability, except as provided in subsection (2), (3), or (4)	\$ 50,000.00			
Property & marine	50,000.00			
Automobile	50,000.00			
Casualty	50,000.00			
Surety & fidelity	50,000.00			
Surety, casualty	50,000.00			

**Multiple lines:** Any insurer may reinsure risks of every kind or description and write any and all kinds of insurance other than life insurance for which it is authorized while it maintains paid-up capital and surplus of not less than \$500,000.00.

(2) An insurer authorized to transact casualty insurance shall also have authority to transact disability insurance without additional capital, surplus, or assets, as the case may be.

(3) A domestic stock insurer organized to insure on the monthly or weekly premium payment plan any person against bodily injury or death by accident or against disability on account of sickness, or to provide a cash funeral benefit not exceeding \$500.00, shall have paid-in capital stock of not less than \$25,000.00.

(4) As to a reciprocal insurer the authority to transact disability insurance, either alone or in combination with other insuring powers, does not include authority to transact health insurance.

(5) Financial requirements as to cooperative assessment life, disability, and loss of position insurers, as identified in chapter 64, shall be as provided in that chapter. Financial requirements as to domestic stock

insurers formed to insure railway employees against loss of position, to transact disability and life insurance, and to make annuities as identified in section 6604 shall be as provided in section 6608.

(6) This section applies to domestic insurers organized prior to July 21, 1965 and to foreign and alien insurers not subject to the provisions of section 410. However, a domestic insurer organized prior to July 21, 1965 and any foreign or alien insurer not subject to the provisions of section 410 that attains the level of capital and surplus required by section 410(1), (2), or (3) is required thereafter to maintain that level of capital and surplus under section 410 unless the direct premiums written and any reinsurance assumed by the insurer in an annual period are less than the insurer's surplus.

(7) An insurer authorized to transact insurance on or after July 21, 1965 and before January 1, 1999 that attains the level of capital and surplus required by section 410(2) is required thereafter to maintain that level of capital and surplus under section 410 unless the direct premiums written and any reinsurance assumed by the insurer in an annual period are less than the insurer's surplus.

(8) Notwithstanding the specific requirements of this section, domestic, foreign, and alien insurers shall also comply with the standard set forth in section 403.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1958, Act 211, Eff. Sept. 13, 1958;—Am. 1965, Act 242, Imd. Eff. July 21, 1965;—Am. 1992, Act 182, Imd. Eff. Oct. 1, 1992;—Am. 1994, Act 226, Imd. Eff. June 27, 1994;—Am. 1994, Act 443, Imd. Eff. Jan. 10, 1995;—Am. 1998, Act 457, Imd. Eff. Jan. 4, 1999.

**Popular name:** Act 218